

Rewald halted check by the CIA, jury told

Special to The Journal

Honolulu, Hawaii — Ronald Rewald managed to stop a background check on him by the CIA that may have turned up his checkered background in Wisconsin, it was disclosed in testimony here Wednesday.

John Mason, a former clandestine operations officer for the CIA who now works for the agency on contract, said that he suggested to the CIA security office, at Rewald's request, that no background check be made on Rewald in 1979.

Rewald is on trial for defrauding about 400 investors of more than \$10 million dollars through a Honolulu investment firm he had set up, Bishop, Baldwin, Rewald, Dillingham and Wong.

Mason testified that CIA agent Charles Richardson, using the alias Richard Cavanaugh, needed a commercial cover by the end of June 1979 as part of an East Coast operation. The cover would allow Richardson to hand out business cards indentifying him as an employee of CMI, one of Rewald's companies, Mason testified.

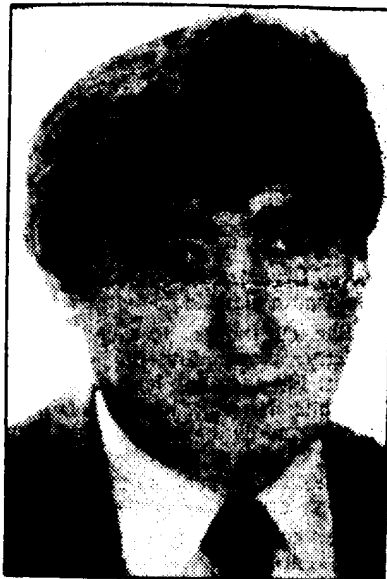
If anyone called CMI to verify his employment, Rewald would act as a "backstop," confirming Richardson's association with CMI, he testified.

"Richardson had a specific target and believed that there would be some suspicion of his background," Mason said.

Mason met with Rewald in Los Angeles in June 1979 in a hotel and discussed Rewald's offer to provide a cover for Richardson. Rewald agreed to provide the cover with the understanding that he would receive reimbursements for expenses up to \$2,000 a year, Mason said.

He said he told Rewald that, although he had gone through a clearance in Honolulu, he would have to go through another security check. Rewald said he was surprised to hear that and said he had never gone through a "formal clearance procedure."

A few days later, Mason said, Rewald called and said he did not want a background check run on him. Rewald explained that he had



Ronald Rewald

been named in the press previously as one of the students who spied for the CIA on campuses, including the University of Wisconsin — Madison, in the 1960s. He said a formal background check might create "unfavorable attention and publicity."

Had the check been made, the CIA might have learned of Rewald's convictions for securities violations in Wisconsin, of the personal and business bankruptcies he had filed in Milwaukee, and that he had lied about being a graduate of Marquette University.

Because the Richardson cover was needed immediately, Mason agreed to ask the CIA security office to waive the formal background check and keep the check within the agency. As a result, the only check made was to contact Jack Kindschi, Honolulu CIA chief, and to run Rewald's name through the national agency computers. The computer check did not turn up the Wisconsin conviction and Kindschi passed on only background information that Rewald had given to him.

Richardson did use CMI as a cover and ended up investing money in Bishop, Baldwin. Richardson also lined up other CIA employees to in-

vest in Bishop, Baldwin, who ended up losing up to \$300,000 all together.

Earlier Wednesday, CIA graphic artist and printing expert Matthew Kelly testified that the CIA did not print fake Marquette University diplomas, as Rewald claimed. Had the CIA done the job, it would have done it better, Kelly said. He said the CIA was barred from copying any documents from religious groups, news organizations or academic centers.